UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

THE WEATHER UNDERGROUND, INC.,) a Michigan Corporation,)

Plaintiff,

vs.

) Case No. 2:09-CV-10756

NAVIGATION CATALYST SYSTEMS,)
INC., a Delaware corporation;)
BASIC FUSION, INC., a Delaware)
corporation; CONNEXUS CORP., a)
Delaware corporation; and)
FIRSTLOOK, INC., a Delaware)
corporation,

Defendants.

VIDEOTAPED TRIAL DEPOSITION OF SETH JACOBY

New York, New York

Thursday, April 12, 2012

Reported by: Jeremy Frank

NDS Job No.: 147647

Network Deposition Services, Inc. • networkdepo.com • 866-NET-DEPO

- don't know how you transfer that over so --
- Q. Now I think I understand.
- So as part of your exit from Firstlook
- 4 what you're saying is that your new company
- Flipside, LLC purchased the domain name Flipside.com
- from the Connexus Group?
- A. Correct.
- Q. And the trademark which was owned by
- 9 Flipside, Inc which was part of the Connexus Group
- 10 at one time?
- A. Yes, that's how it was owned.
- I don't know the ownership structure of
- the actual trademark itself, but I know that the
- trademark was assigned to me, I just haven't gone
- through the process of actually, I don't know how
- that works in terms of how it gets sent to me, but I
- have got to do it, you reminded me of something.
- Q. So when you say that your company
- 19 Flipside, LLC has absolutely no relationship to
- 20 Connexus Group of companies, that's not really true,
- is it, the connection is that you actually purchased
- assets out of that company?
- A. Sure, I purchased assets out of that
- company, but I have no, there is no other than that
- relationship, and the sale of some assets, this

- \$750,000?
- A. I did not but I remember it was high.
- Q. A seven-figure domain name occurs every
- year, correct?
- A. Absolutely.
 - Q. Absolutely.
- And so in your discussions over the
- ⁸ purchase of this domain name with your former
- employer, how much negotiation was there? Did you
- propose a number and they accepted, did they propose
- a number and you accepted, tell me about the
- negotiation.
- A. I'm not going to get into my negotiation
- with them, I can tell you it happened over probably
- several months.
- Q. Are there e-mails or records that
- reflect the negotiations?
- A. Are there e-mails, probably, I would
- imagine somewhere.
- 20 Q. Is there a document which memorializes
- the transaction, a domain name transfer agreement or
- purchase agreement?
- 23 A. Yes.
- Q. In that purchase agreement, does it also
- specify that you're buying the trademark and they'll

- THE COURT REPORTER: No, no.
- I need you to wait for the attorneys to finish speaking and also for the questioner

before answering. Thank you.

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Go ahead, please.

- Q. Did your former employer to your knowledge ever put a value on the trademark registration as part of that transaction?
- A. I have no idea how they figured the transaction, how they valued their piece.
- Q. Did they ever say anything to you about how they were going about their valuation during negotiations?
 - A. That would be kind of, no, they did not.
 - Q. Sometimes you will say gee, Seth we took at a look at least at four our transaction here, the prices, and don't you think this is similar, so that kind of thing does come up in some --
 - A. No, I don't really remember how that negotiation went in terms of the actual trademark themselves, but I can tell you the focus was not on the trademarks. It I buy the domain name, then the trademarks comes with it. But it was never, I never valued as a pure, you can see I don't value the trademarks of Flipside as much as the domain name

- considering I haven't even transferred it over to my formal ownership yet.
 - Q. Now, has anyone to your knowledge ever made an offer for Flipside.com either the trademark or the domain name while you were president?

- A. While I was the president, I couldn't tell you. I can tell you since I'm, excuse me, I'm just fixing this, since I received offers for the domain name.
- Q. Now, you have said a couple of times and you said in an affidavit there was absolutely no connection between your company, Flipside, LLC and Flipside, Inc. Now you're saying you meant to say besides the fact that you bought the domain name and got the trademark.

Isn't it true that you are also running your new company off of Firstlook software?

A. So going back to what I wrote, I said that Flipside, LLC and Flipside, Inc are, the defendants, have no corporate relationship with each other. There is a business transaction where I purchased assets from them. But beyond that, sort of that transaction there is no relationship.

The second part of your question, yes, some of the software, some of the software which

- Firstlook was using I did purchase.
- Q. Okay.
- So you also purchased Firstlook
- 4 software?
- A. Yes, some of it.
- Q. What parts?
- 7 A. That's not relevant.
- Q. If I go to log in as a customer to your
- 9 website --
- A. Yes.
- Q. -- the software that is running in the
- back end is running on Firstlook.com, correct?
- A. Yes, I own that domain name as well.
- Q. What else did you purchase or took with
- you on the way out the door from Connexus when you
- started Flipside, LLC?
- A. I purchased some software, I purchased
- some domain names, and some contracts of customers
- that like an assignment of some of those customers.
- Q. What domain name did you purchase
- besides Flipside, did you purchase Firstlook.com?
- A. I purchased Firstlook.com, yes.
- Q. Was there anything left of Firstlook.com
- at Connexus, at the Connexus companies after your
- ²⁵ purchase?

Page 133 1 Α. Yes. 0. What's left? You will have to ask them, I don't know Α. what's there now. 0. Okav. What did you take with you besides the 7 domain names Firstlook.com, Flipside.com and the trademark for Flipside? MR. GREENE: I object, this is going 10 towards bias? 11 MR. SCHAEFER: Yes, if they essentially 12 gave him assets on the way out the door --13 They didn't give it, he MR. GREENE: 14 purchased it. 15 MR. SCHAEFER: -- at below market value 16 or essentially took what he said was a 17 completely unrelated company is now doing 18 what Firstlook used to do in whole or in 19 part, then there is in fact a relationship 20 there. And if he received an unwarranted 21 benefit from them then it goes to bias. 22 There is no way this is not relevant. 23 MR. GREENE: You said doing what they 24 used to do, I don't think he testified to 25 that.

- A. That's part of the reason but not solely
- the reason. Like I said before, the company was
- 3 moving in a direction that was not going to be
- 4 tenable long term.
 - Q. What was that direction?
- A. Well as you can see, Firstlook doesn't exist anymore, right?
- Q. I wasn't aware Firstlook doesn't exist anymore.
- A. I don't think there is any employees on Firstlook anymore, I don't know about the company itself, but I don't think there is any employees employed by Firstlook anymore.
- Q. What about Connexus, I understand there
 was a merger with a company called Epic Media in May
 2010?
- A. Correct.
- ¹⁸ MO.
- MR. DELGADO: I move to strike for the

 purpose of enforcing an objection, I object

 to the term merger. I think this was decided

 by the court it was not a merger, it was an

 acquisition.
- Q. In lay terms you called it a merger in your deposition, correct?

- A. Yes.
- Q. Without getting into the legal
- technicalities of it, at some point all of the
- 4 Connexus employees became Epic Media employees?
 - A. Yes, I think that's fair to say.
- Q. Okay.
- A. Yes.

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- Q. To be fair to say, there are also no
- 9 Connexus employees left anymore, to your knowledge?
 - A. Yes, I don't think so, yes.
- Q. Are there any Epic Media group employees
- left as of the time that you departed the company?
- A. Yes, there were.
- Q. Okay.
- And who was left when you --
- A. I don't know all of them, it was a big
- company, I couldn't tell you how many people were.
- Q. And some of the Epic Media employees in
- addition to yourself left in the months or in any
- time in 2011 that you are aware of?
- A. Of course people left, I couldn't name
- them, but yes.
- Q. Do any former Epic Media, Connexus
- employees work for your company, Flipside?
- A. Some employees who worked for Firstlook

- specifically I did hire, yes.
- Q. What part of the Firstlook software are
- you using on Flipside.com when I go to log in and I
- see its now going to Firstlook.com servers?
- A. Parts of the account management service,
- but I'm not going into details of my business.
- Q. Would that be the CMS software we had
- 8 talked about in the underlying case?
- ⁹ A. Small parts of it.
- Q. Domain monetization?
- A. I'm not going into my business, I'm not.
- Q. Do you offer parking pages?
- A. I'm not getting into my business, it is
- my business and it has nothing to do with this.
- Q. Do you now operate the domain
- 16 Connexus.com?
- A. Do I operate the domain Connexus.com,
- ¹⁸ no.
- Q. Do you own the domain Connexus.com?
- 20 A. No.
- Q. Do you own the domain Firstlook.com?
- A. Yes.
- Q. Do you own the trademarks related to the
- domain name Firstlook.com?
- A. I think I do.

2:09-cv-10756-MOB-VMM Doc # 282-4 Filed 05/04/12 Pg 11 of 56 Pg ID 7246 Page 161 1 Α. Yes. So when you received the subpoena from 0. 3 us to take your deposition for trial --Α. Yes. 5 -- you hired an attorney and opposed this deposition? 7 Α. Correct. 8 And according to your affidavit, the 9 reason that you did not want to have your trial 10 testimony taken is that in paragraph eight: 11 "Any further deposition of me would not 12 only be a waste of time but would be 13 extremely burdensome and a major 14 inconvenience." 15 Why did you believe that having the jury 16 hear your trial testimony would be a waste of time? 17 Well, it is proven at least today you Α. 18 have not asked me a single, barely a single new 19 question that you haven't asked me previously, with

the exception of a handful as we keep referring back to my testimony, right? So I have already testified to this matter.

Secondly, I'm not party to this matter,
I have, you know, I'm not, I don't work for these people anymore, I have nothing to do with them

Page 162 1 anymore, and the reality is I have other things to do. And when you indicated that you have nothing to do with the defendants in this underlying Weather Underground case, correct? Α. Correct. But then again we have established that you did walk away with some assets that used to belong to that company. 10 MR. DELGADO: Object to the 11 characterization walk away with assets. 12 You now allegedly own some of the assets 0. 13 that used to belong to the prior company, correct? 1.4 MR. DELGADO: Objection to the use of an 15 word allegedly. The witness has testified he 16 purchased assets. You want to ask him that 17 question, go for it. 18 You know, my office buys coke and Bounty 19 paper towels, I have nothing to do with Procter & 20 Gamble or Pepsi Co. Some of your current employees used to work for the defendants in this case, correct? Α. Yes. One of my former employees used to work

for Exxon Mobil but I have nothing to do with them

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- associated since you purchased a number of assets
- from them when you exited the company?
- MR. DELGADO: Objection argumentative,
- 4 vague and ambiguous.
- A. I own a Chrysler but I don't consider
- 6 myself associated somehow with Chrysler.
- Q. Do you still pay the defendant companies
- 8 or Epic Media any money as part of your asset
- 9 purchase?
- A. Yes.
- 11 Q. Do you agree if you're paying them money
- you certainly have an association with them?
- A. I think what you are trying to imply was
- that I was a company associated with them. What I'm
- telling you is that not unlike my car example, if I
- pay a car loan to Chrysler, that doesn't mean I have
- any association with Chrysler Corporation.
- Q. Do you have contracts with the
- defendants in the Weather Underground matter?
- ²⁰ A. Yes.
- Q. Don't you think that means that you in
- fact have an association with them on a contract
- level?
- A. On an arm's length business transaction
- yes, not on a company corporation, no.

- is a lawsuit against Chrysler and I own a Chrysler,
- does that make me associated with Chrysler's
- lawsuit, and the answer is absolutely no. I'm
- ⁴ paying Chrysler and I'm use their product, when
- 5 Chrysler gets sued because they had bad brakes, I'm
- not at fault. And the reality here is that I'm not
- connected to the defendants whatsoever other than
- the fact I purchased some assets from them and I'm
- 9 paying them for those assets over time.
- Q. You would concede that is a connection,
- would you?
- A. A connection like any commercial
- connection, any product, we buy a connection of
- another company. I think you're stretching it to
- think that I have some kind of, you know, that
- corporate umbrella I'm under, I owe them stock or,
- there's nothing of that effect, there is a business
- transaction that happened.
- Q. Would you care to rephrase your
- statement in your affidavit that you have no
- connection with them whatsoever --
- A. Is there --
- Q. -- based on your testimony today?
- A. I think this was in response to this
- affidavit was in response to you claiming that I

worked for the defendant, the answer is no.

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- Q. We also claim that you were on assets that used to belong to them, that was part of what we arguing to court, we needed to discovery what the relationship was.
- 6 The answer to that is that I purchased 7 assets, and I believe, I don't remember exactly, I 8 certainly didn't read what the whole thing was, I 9 leave that to my attorneys, I trust my attorneys on 10 how they read that document. But the assertion was 11 that somehow you were claiming that I am employed by 12 the defendant which is, or that my company is 13 associated with the defendants, and the answer to 14 that is simply not the case.

And that's exactly what it is in this document, I'll use the commercial example over and over and over again today if we have to. The reality is companies buy products from other companies and I have no relationship whatsoever with Dunkin Donuts, I do buy a doughnut every once in a while, okay, fair?

Q. If you owned Dunkin, if you were an employee, president of Dunkin Donuts and Dunkin Donuts was being sued for tens of million of dollars which could potentially cause it severe economic

- like, then yes.
- Q. The next sentence says:
- "My knowledge of the matters herein is
 based on personal knowledge and a review of
 business records, except where stated upon
 information and belief."

Do you see that statement?

A. No.

- Q. The last sentence of paragraph one.
- A. My knowledge, yes, okay.
- Q. What business records did you personally review prior to giving this affidavit?
 - A. I can't remember.
- Q. Is it possible that you didn't review any business records and it was again prepared by someone else?
- A. I can't remember.
- Q. Page three at the top right above

 paragraph four, you're talking about Navigation

 Catalyst's business and you refer to a portfolio of

 domain names of approximately 766,087 websites.
- Would that be 766,087 domain names?
- A. Probably.
- Q. So you believe as of 2008 when you signed this affidavit your portfolio of domain names

- listed as the registrant in the Whois
- database?
- Q. Correct, that's correct, right?
- A. Yes.
- D. That is to say you're telling the court
- 6 here we provide our name Navigation Catalyst
- Systems, our address, our e-mail, our phone number,
- our fax number, to tell the world that we are the
- 9 registrant of the domain name, we are not hiding,
- 10 correct?
- A. Yes.
- Q. At so some point your company actually
- created and launched a proxy service, correct?
- A. Correct.
- Q. And that proxy service in fact would
- preclude the world from seeing that Navigation
- 17 Catalyst Systems or a related entity was in fact the
- registrant of a domain name, correct?
- A. That's pretty common practice, yes.
- Q. And so in this affidavit it appears what
- you're saying is look at one of the reasons why you
- should find we are not a bad faith cybersquatting is
- because we tell, don't hide, we show the world we
- are the actual owner of the domain.
- Is that fair?

- A. That's a fair question.
- Q. And after this Verizon lawsuit was
- 3 concluded the company made the decision to use a
- 4 proxy service so that people couldn't see that
- Navigation, Navigation Catalyst Systems was a
- fee registrant of the domain, correct?
- A. Correct.

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- ⁸ Q. The name of that company that your
- entity created was called Domain Name Proxy?
 - A. Something like that, yes.
- 11 Q. Okay.
- The effect of that would be that when
- someone were to look up a domain name that they were
- concerned about as a cybersquatter, they wouldn't be
- able to see your name NCS, your address, your phone
- number or that you will be able to see the
- information Domain Name Proxy and that related
- information?
- 19 A. They would have all of that related
- information, yes, more or less it was yes.
 - Q. Whose Vietnam Domain Privacy Services?
- A. That was a privacy service for a Vietnam
- registry, registrar.
 - Q. Owned by Connexus?
- A. Correct. Well, I don't know if it was

- Connexus, again I don't know, but that company.
- Q. One of the Connexus companies?
- A. Yes.
- Q. Epic Media?
- A. Yes.
- ⁶ Q. Okay.

Services.

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So I understand that at one point you

moved domain names under proxy at Domain Name Proxy,

a company owned by one of the defendants, but it

sounds like you also moved domain names to a proxy

service in Vietnam called Vietnam Domain Privacy

What I want to understand is did you move domains from Navigation Catalyst Systems under proxy at Domain Name Proxy and from Domain Name Proxy to Vietnam Privacy Services, or did you set part of the portfolio under one proxy and another part under the Vietnam proxy service?

A. That's a good question.

I don't know how the decision was made on how those names were actually, I think actually what happened was names that were registered in Vietnam were under a different proxy service name that were registered from Navigation, right?

Navigation names I don't believe, are you asking me

Page 210 1 if names at Basic Fusion had Vietnam proxy service 2 to it? 3 0. Yes. 4 The answer would be no, no, that I don't Α. 5 believe. 6 Let me make sure you understand. 7 So if there was a domain name that was 8 registered to Navigation Catalyst Systems --9 Α. Yes. 10 -- if it went under proxy it went to 11 Domain Name Proxy or could it have also gone to 12 Vietnam proxy? 13 It could have gone to either. 14 don't know exactly how you know, I don't know really 15 know if we, it was either/or I believe. I don't 16 know, I don't believe, we never had a name in 17 Vietnam that was registered under whatever. 18 0. Domain Proxy? 19 Α. Yes. 20 0. Then moved to Vietnam proxy? 21 Α. Yes, that never happened I don't 22 believe. 23

25 I don't believe it was ever a criteria, Α.

0.

name --

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What was the criteria by which a domain

- 1 I think it was more of a timing issue, I think sort
- of timing stopped on one and moved on to another.
- Q. And so at first you would have used
- Domain Name Proxy, later you would have developed
- ⁵ Vietnam?

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- A. I believe so, that's how it worked.
- ⁷ Q. The Vietnam proxy would have been based on servers located in Vietnam?
- 9 A. I don't exactly know how, what do you mean servers?
 - Q. Well, what was the point of creating a company in Vietnam, offshore in Vietnam?
 - A. We have employees in Vietnam, we have 30 employees there, and so part of what we did when we, you know, Net Blue probably had probably more than 30 employees. And so a lot of our technical stuff moved out to Vietnam, and a lot of development moved to Vietnam, and that's just sort of how it evolved.
 - Q. Wasn't the point of moving domain names to Vietnam is to hide the registrant information, number one, under proxy, and number two, to get trademarks protected in domains offshore where they couldn't be seized or attached?
- A. I think that in the environment that was going on at the time, it seemed like a decent idea

Page 212 1 to have names that were domiciled in Vietnam, yes. 2 0. Offshore? 3 Α. Yes. MR. SCHAEFER: I'm going to hand you what's been marked as P230A. It is actually P230A through P230C (XII). 7 (P5.230A, Domain name summaries and 8 Whois histories, marked for identification, as of this date.) 10 First off, are you familiar with the 11 airline company called Ryan Air? 12 I believe its like a low cost airline in Α. 13 Europe. 14 Is that right? 15 0. I think so. 16 I'll hand you this document and this is 17 a domain name summary sheet and I'll represent on 18 the first page that it shows that you, Navigation 19 Catalyst Systems were the registrant of the domain 20 listed. 21 Would you care to sell that domain? 22 Α. R-Y-A-I-A-N-I-R. 2.3 THE COURT REPORTER: One more time. 24 Dotcom? 0. 25 Α. Yes.

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Page 213
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                  THE COURT REPORTER:
                                       Do it again.
             R-Y-A-N --
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                  THE WITNESS: R-Y-A-I-A-N-I-R.
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                  And you would agree that that appears to
             0.
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     be a typographical variation of the airline company
     Ryan Air?
 7
                  Could be.
             Α.
                  It according to this sheet anyway it was
             Ο.
     registered in or about December 21st, 2007?
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            Α.
                  Yes.
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                  And I'll represent to you that the
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     domain history in your own portfolio database and is
13
     confirmed by Domain Tools shows it was listed as a
14
     Navigation Catalyst domain until November 2nd, 2009.
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     And that would have meant this domain would have
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     been supposedly scrubbed by your new heightened
17
     trademark scrubbing process --
18
            Α.
                  You're much better than me.
19
                  THE COURT REPORTER: You're talking over
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            him.
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                  Was scrubbed over, your new high tech
22
            what?
23
                -- trademark scrubbing process was in
24
     2008, correct?
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                  I think so, yes.
            Α.
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- Q. So this domain based on the dates would have gone through your alleged enhanced trademark
- 3 screening process?
 - A. Looks that way, yes.
- Q. And then in November 2009 it was moved
- to the registrar or as listed as registrant to
- Domain Name Proxy, LLC, it was placed under proxy,
- you couldn't see Navigation Catalyst Systems as the
- 9 owner, correct?
- A. Let me look here, you're looking at
- actual domain history.
- 12 Q. Yes, this would be in the Domain Tools
- 13 data.
- A. Yes.
- Q. Then, contrary to what you say, they
- never went from Navigation Catalyst Systems to
- Domain Name Proxy to Vietnam Domain Privacy
- Services, this domain information went from Domain
- Name Proxy Service to offshore Vietnam Domain
- Privacy Services November 2nd, 2011, and remains
- there to this day, or at least through February 2nd,
- 2012 when this report was run.
- MR. DELGADO: Objection, lacks
- foundation.
- A. Yes, this obviously happened after my

- exit from Firstlook so I can't tell you exactly how
- that happened.
- Q. Okay.
- But then in any event this domain which
- you agree appears similar to the airline company?
- A. Yes.
- Q. Supposedly would have been vetted before
- it was registered in December 21st, 2007 for
- ⁹ trademark issues, correct?
- A. Yes.
- 11 Q. Then it would have gone through this
- supposed enhanced vetting process in 2008 and
- decided to be kept, correct?
- A. Yes.
- 15 Q. Then it would have been put into Domain
- Name Proxy where it, Navigation Catalyst Systems
- could be identified as registrant?
- 18 A. Yes.
- O. Then was moved offshore to Vietnam
- Domain Privacy Services where it appears to have
- lasted until February 2nd, 2012, the date of this
- report, fair?
- A. That's fair to say.
- Q. If we look at the second page which is
- Plaintiff's 5.230B.

A. What are you --

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tickets.

Q. The second page, this is information

pulled from your database which shows the

registration dates and also something called

categorization. And that last box says that the

domain that we are talking about in February 2009

appears to have had key words associated with it

which include cheap flights, cheap airline, airline

Would those have been the key words that would have been placed on the domain as part of your optimization process to drive more revenue?

- A. This is a seeded key word so I don't quite know this. I'm not the terminology, there are some key words created that drive better words.

 Some key words use to display results but more or less those are the names, those are the key words associated with the domain name but I don't know exactly, there is different ways these key words are actually used technically.
- Q. But in any event it appears that people in your company would have added cheap flights, cheap airlines and cheap tickets on to the lander page in order to offer the user a link they could click on which would then take them to another page

- which showed ads, correct?
- A. I don't know if exactly that's the way
- it worked, but more or less in that sort of general
- 4 you know, characterization of it is relatively
- 5 correct, although I can't tell you exactly how these
- key words were used together.
- Q. And could you explain to the jury how it
- is that your categorization employees could identify
- ⁹ this otherwise arbitrary nondictionary word of
- Ryaianir to the airline company but your trademark
- review people couldn't see the trademark problem?
- A. Well, part of optimizing itself was a
- little a bit more involved than and lot more timely.
- And so what they would do is they do research on
- what they believe that domain name to be by doing
- searches.
- 17 Q. That's the Google search we were talking
- about earlier.
- A. Right.
- Q. So if you just simply type in the domain
- name as exactly appears here, Google will say did
- you mean and offer the real website of the airline
- company?
- A. Yeah, that's part of the process, yes.
- Q. And you realize that if you were serious

- about actually vetting for trademarks you could have
- also done that same Google search to find
- quote/unquote a real website to see if there might
- be a trademark problem.
- Would you agree with that?
- A. I would agree with that.
- Q. Are you familiar with the website
- PhotoBucket?

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- ⁹ A. Yes.
- 10 MR. SCHAEFER: I'll hand you what has
 11 been marked Plaintiff's 5.65A(1) through
 12 P5.65D which is the same type of information.
- (Plaintiff's 5.65A(1), Domain name summaries and Whois histories, marked for identification, as of this date.)
 - MR. SCHAEFER: Let's take a break, we have now a tape issue.
- THE VIDEOGRAPHER: We are now going off
 the record at approximately 2:38 p.m., April
 12th, 2012. This concludes tape number
 three.
- Off the record.
- (Whereupon, an off-the-record discussion was held.)
- THE VIDEOGRAPHER: This is the beginning

- 1 understood that there might be a change to the
- 2 policy which would effect your domain tasting --
- 3 Α. It seems so.
 - -- efforts? 0.
- 5 Potentially, yes. Α.
 - Then he says interestingly: 0.

7 "Many of our domain names involve an incorrect spelling of some other domain

names."

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Was that true at the time did you have an understanding that many of your domain names involved an incorrect spelling of some other domain?

- Α. I think you have to qualify many, certainly we had domain names that were similar to what he's talking about, yes.
- Or not only similar but incorrect spellings of a real website of a real domain name?
 - In some cases, yes.
- Do you have any idea why he would have 0. 20 said many of our domain names or do you disagree with that?
- 22 MR. DELGADO: Objection, compound.
- 23 Yes, well I don't know what many, what 24 he thinks is many but you know, certainly I don't
- 25 know what the breakdown is, I don't really remember

- recollection of the test, so its unlikely that I --
- THE COURT REPORTER: So I what --
- A. I have absolutely no recollection of
- this e-mail and I have absolutely no recollection of
- 5 that test so --
- Q. And in any event, you knew as of the
- date of this e-mail in 2008 that your company had
- 8 registered a typo of a major discount airline,
- 9 correct?
- A. This RyanAir.com domain name?
- Q. Yes.
- A. It was in this e-mail, yes.
- Q. And your response doesn't say anything
- about the fact that it may be a problem that you
- have this typo of a major discount airline, does it?
- 16 A. No.
- Q. Do you recall if you did anything to
- divest yourself of that domain after seeing this
- e-mail where you have got a typo of a misspelled
- domain of a real website?
- A. I have no idea.
- O. Let's take a look at the PhoitoBucket
- exhibit which is P5.65A(1), and it goes through
- 5.65D, and so this is a domain name and its
- PhotoBucket except it adds an I after the first O,

- P-H-O-I-T-O.
- Is that correct?
- A. Yes, that's what we are looking at.
- Q. And would it surprise you looking at any
- be keyboard it appears that the O and the I are right
- next to each other on the keyboard?
- A. If you say so.
- Q. And so given that it looks like, have
- you ever heard of the phrase sticky key?
- 10 A. No.
- 11 Q. Someone hits two keys at the same time
- by accident?
- A. I'm sure that happens, of course.
- Q. You by registering domains like this
- that are sticky keys of websites that do significant
- traffic like PhotoBucket, you have the opportunity
- to make money by showing ads and diverting that
- traffic, correct?
- A. That's correct.
- Q. So this domain name summary which I'll
- represent is a summary of the information to follow
- indicates that Navigation, Navigation Catalyst
- 23 Systems the defendants registered in February 2005.
- Do you see that on the summary sheet?
- ²⁵ A. Yes.

- Q. And then under other registrants it says
- that the domain was moved to Domain Name Proxy
- February 2010 to August 2011 which granted would
- have been just after you left, correct?
- A. Excuse me, correct.
- Q. Then they move to Vietnam Domain Privacy
- ⁷ Service from August 2011 until this data was
- 8 captured just last month.
- Do you see that?
- A. I see that.
- 11 Q. So, you acknowledge that this appears to
- be a typo of the real website PhotoBucket.com,
- 13 correct?
- A. Yes.
- Q. In fact if we go to the next page which
- is P5.65A(2), that appears to be a parking page
- delivered by the Firstlook software?
- A. It looks like our page.
- 19 Q. It says, Welcome to, it lists the
- literal spelling of the domain name with the extra
- ²¹ I?
- A. Mm-hmm.
- Q. Then the first key word underneath it
- says in fact Photo Bucket.
- MR. PATTI: We need an actual answer.

Page 234 1 typos as exhibits. This next one Plaintiff's 2 Exhibit 5.233A, which appears to be another 3 typographical variation of Ryan Air, this one 4 R-Y-A-N-E-A-I-R.com, registered by Navigation Catalyst Systems in August 2007, moved to Domain Name Proxy in 2009 and Vietnam Domain 7 Privacy Service November 2011. (P5.233A, Domain name summaries and Whois histories, marked for identification, 10 as of this date.) 11 Let's take a look at the second page 0. 12 again, this appears that this 2009 which would have 13 been after the supposed vetting for trademarks seed 14 key words would have been added by Firstlook 15 personnel that would have included cheap airlines, 16 cheap flights and discount air travel, correct? 17 Α. Yes. 18 Is this a domain that might be one that 19 you purchased from Connexus Firstlook when you 20 started your new company? 21 I have no idea. Α. 22 0. It is possible but you don't know? 23 I don't know. Α. 24 0. You do know some names that you do have 25 under Vietnam Domain Privacy Service.

- 1 We look at the search domain portfolio 2 from the second page, it looks like the initial registration was 2004.
- You're mistaking the cache date in the Α. 5 Domain Tools is the date you put in.
- 6 0. Okay, that might be an error on our 7 part.

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8 In any event the data from your database appears that it was 2004, and again this would have 10 gone to Domain Name Proxy, then to Vietnam Domain 11 Privacy Service through last month with categorization of this one has got different 12 13 categorizations.

So let's take a look at that, looks like December 9th user ID 105, role ID three, put key words in cheap hotel, discount air travel, bargain But then December 11th a couple days later it was changed to cheap airfare, plane tickets online, book a flight.

Do you have any idea why within a couple of days the seed key words would have been changed? Α. No idea.

> MR. SCHAEFER: Let's take look at a P5.45A(1) and all the way through P5.45D.

This is a domain name and its

Page 237 1 Hungryhowies.com except instead of an N it is an M, H-U-M-G-R-Y. 3 (P5.45A(1), Domain name summaries andWhois histories, marked for identification, as of this date.) You certainly recognize the brand Hungry 7 Howie's, correct? Never heard of it. Α. 0. You never heard of a pizza chain Hungry 10 Howie's? 11 Never. 12 It appears your categorization folks on 13 page P5.45B under categorization, your employees 14 actually added the seed key word pizza restaurant. 1.5 Α. Looks that way. 16 This would have been a domain 17 registration in November 2007 by Navigation Catalyst 18 Systems, correct? 19 Α. Correct. 20 I can't remember from this morning, is 21 late 2007 a period where you say you were doing a 22 better job at vetting domains for trademarks or 23 hadn't already started that yet? 24 I can't really remember. Α. 25 This looks like a domain that you have 0.

- tasted. If you look at that data page that's your
- data, there is a tasting record which shows that it
- was tasted November 26th, 2007.
 - A. I'm not sure.
- Q. I'll represent to you that's coming out of your tasting database and that that reflects that you would have tasted and then decided to keep this
- ⁸ particular domain.
 - A. Okay, if you say so.
- 10 Q. Okay.

- Given that your categorization people
- could identify this as a pizza restaurant, do you
- have any explanation as to how this could have
- gotten through your trademark vetting system?
- 15 A. No.
- 16 Q. In any event, if we go to the very last
- page, P5.45D, we see that HungryHowie's is in fact a
- registered trademark for restaurant services with a
- filing date of 1987.
- Does that appear to be correct?
- A. That appears to be correct, actually
- that's incorrect.
- Q. What do you see?
- A. Registration date is 1988.
- Q. Let's see, I'm seeing a filing date of

Page 239 1 1987. 2 Filing date of 1987 is correct. Α. 3 0. Okay. Are you familiar with something in Detroit called Wayne State? 6 The university, that guy was crazy and 7 shot a lot of kids. 8 Q. You got it. 9 Α. I think so, yes. 10 MR. SCHAEFER: So let me hand you P5.91A 11 which is a domain and its W-A-N-Y-E-12 S-T-A-T-E.com, WanyeState.com. 13 (P5.91A, Domain name summaries and Whois 14 histories, marked for identification, as of 15 this date.) 16 It appears to have been registered in 17 January 2008, and again if we look at the 18 categorization even though perhaps you can make the 19 argument that that could be lots of different 20 things, right, Wanyestate.com, it appears your 21 categorization people were able to identify several 22 key words seeds, Detroit University Information, 23 Detroit College Courses and Detroit College Events. 24 Do you see that?

Yes, I see that.

Α.

- Q. And so again, any idea how your

 categorization people could see how to optimize this

 domain towards the university and your trademark

 vetting people couldn't identify this as a
- 5 trademark?

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- A. I'm not sure.
- Q. If we go to the last page 5.91D, we see that Wayne State University is in fact a registered trademark since 1956, filed in 1990, correct?
- MR. PATTI: 1990?
- MR. SCHAEFER: Filed December 13th,

 12 1990, second line from the bottom off the

 right.
- A. Filed December 13th, 1990, registered
 November 5th, 1991, yes.
 - Q. Again this is a domain that appears to have been put into proxy and moved offshore to Vietnam Domain Privacy Service, correct, at least from the summary page which the Domain Tools history will back up.
- A. It looks that way.
- Q. Again this domain might be under
- Flipside, we just don't know sitting here today?
- A. I have no idea.
- Q. How much of the domain portfolio from

- Navigation Catalyst Systems Firstlook Connexus did
- you purchase, approximately how many domains?
- A. I have no idea on the actual number of
- 4 domains.
- ⁵ Q. Is it hundreds, thousands, tens of
- thousands, hundreds of thousands?
- A. Its hundreds of thousands.
- Q. Was it to your knowledge most of the
- 9 Navigation Catalyst Systems portfolio?
- A. No, most meaning more than 50 percent?
- Q. More than 50 percent.
- A. Slightly over 50 percent is currently
- owned.
- Q. And I take it that you paid, you have
- some sort of arrangement with them where you're
- paying them for that portfolio?
- A. No, not just for the portfolio.
- Q. Let me ask you --
- A. The portfolio is a fraction of my
- business, a tiny portion.
- Q. Let's me ask you this.
- The portfolio domain names that you now
- have that used to be listed as Navigation Catalyst
- Systems --
- A. Yes.

- Q. -- did you pay for those domains or were
- they simply transferred to you?
 - A. I paid for them.
 - Q. Did you license them or --
- A. No.
- Q. -- or purchase them outright?
- A. Purchased them.
- ⁸ Q. Okay.
- And how much did you allocate to the purchase of the domain portfolio as part of that?
- A. Well, the domain, so the domains were at the time of the purchase probably to be honest, we never really looked at it that way, I mean, I don't, we didn't value it that way, I didn't value it that
- ¹⁵ way.

3

- 16 Q. How did you value the assets that you purchased, was it just bulk price, did you try and categorize the assets by category, what was the general model?
- A. No, it was based on a multiple of the business.
- 22 Q. Okay.
- A multiple of the total business?
- A. Right.
- Q. For instance, domain names monetization?

- A. No, the domain name monetization portion, this is a tiny fraction of the business, maybe 10 percent.
- Q. What beyond the domain portfolio did you buy from Firstlook? I understand that you have new things that you're doing, so just for now I want to focus in on what did you buy from Firstlook
- 8 Connexus.

- A. Sure, I bought software as I mentioned.
 - O. That would be the Firstlook software?
- A. Some of it, yes.
- Q. Some of it?
- A. Yes.
- I bought furniture, chairs, computers,

 desks, printers, I bought contracts, so customer

 contracts that were assigned to me, I bought some

 domain names, I bought, that's it.
- Q. So part of what you bought was the kind of portfolio domain name I take it were some special domain names separate from the portfolio
- Flipside.com that you purchased as well?
- A. Yes, there was, they were in the portfolio domain name.
- Q. You were not monetizing those as lander pages per se?

- A. Yes, I am, with the exception of
- Flipside.
- Q. So if I type Wunderground.Flipside.com,
- 4 I'll get a lander page with advertising on it,
- 5 correct?
- A. Wunderground.Flipside.com, no, you will
- 7 not.
- Q. Did they take a security interest as
- ⁹ they being your former companies as part of this
- transaction?
- A. Did they take a security interest?
- Q. Did they give you a loan or finance the
- transaction?
- A. A loan, they financed the transaction.
- Q. So you're making payments to them?
- A. Yes.
- Q. What was the total purchase price of the
- transaction with Firstlook Connexus?
- A. Total purchase price without interest,
- of course interest will be added was \$8 million.
- Q. And did you put some money down or it
- was all financed?
- A. Some of my own money was spent to start,
- finance of the business, it wasn't paid to them.
- ²⁵ Q. Okay.

Page 245 1 So you're paying them monthly, 2 quarterly, annually? 3 Α. Quarterly. 4 0. Quarterly. 5 And over what term do you owe them 6 money? 7 I believe the term goes through 2015, Α. what year is it now, 2012, to 2015, I believe. 8 9 And there is interest on the financing? 0. 10 Of course, yes. Α. 11 And they took a security interest in the 0. 12 domains and other assets that were transferred? 13 Α. I think they have a security interest in 14 the company in case I default of some sort, yes. Ι 15 don't really know how the security interest works 16 technically, but I remember that term coming up 17 during the negotiation. 18 Kind of an all asset? 19 Α. Excuse me? 20 All asset security interest where you 0. 21 have an asset and they a security interest in it? 22 A. I couldn't tell you. 23 0. Who was the transaction with, was it 24 with Epic Media Group, Connexus, Firstlook, all of 25 those companies, some other companies?

- A. I negotiated the agreement with Dave
- ² Graff.
- ${\tt Q.}$ Do you recall on the contract who the
- other contracting party was, was it Epic Media, was
- it Firstlook, was it Connexus, was it all of them?
- A. To be honest with you, I don't really
- 7 know.
- ⁸ Q. Who owned the domain portfolio at the
- time that you purchased it, which company, do you
- 10 know?
- A. I'm not sure.
- There was a period of time where I
- wasn't employed by the company and when I purchased
- the assets, so I don't know.
- Q. Have you received any trademark
- infringement letters or UDR proceeding to the
- portfolio since you took the portfolio?
- A. Have I, no.
- Q. Your company Flipside?
- A. Flipside, LLC has not, no.
- Q. Has Vietnam Proxy Service on your behalf
- received those kind of letters, threat letters,
- UDRPs, et cetera?
- A. I believe so.
- Q. What assets to your knowledge that used

2:09-cv-10756-MOB-VMM Doc # 282-4 Filed 05/04/12 Pg 45 of 56 Pg ID 7280 Page 257 1 for speculation and lacks foundation. I believe he works for Epic Media. 2 Α. 3 0. Give me a second. When was the last time you spoke to 5 David Graff? Last time I spoke to him was two days Α. 7 ago. 8 0. Okay. And did you speak to him in preparation 10 for this deposition? 11 Α. No. 12 With regard to, you did hire an attorney 13 to be with you here with you today for you 14 personally, correct? 15 Α. Correct. 16 Whose paying for that attorney, you or 17 Epic Media, Connexus, et cetera? 18 Α. The latter. 19 You're paying for your own attorney or 20 your company is? 21 I said the latter. Α. 22 Epic Media is paying for your attorney? 0. 23

Α. Yes.

24 0. Again, that doesn't sound like no 25 relationship whatsoever with Epic Media, Connexus

- 1 companies.
- When you represented to the court that
- there was no relationship whatsoever between your
- ⁴ new company and Epic Media, had Epic Media, Connexus
- agreed to pay your attorneys fees at that point?
- 6 A. No.
- MR. SCHAEFER: Let's take a five-minute
- 8 break.
- THE VIDEOGRAPHER: We are now going off
- the record at approximately 3:49 p.m., April
- 12th, 2012.
- (Whereupon, an off-the-record discussion
- was held.)
- THE VIDEOGRAPHER: This is the
- continuation of tape number four of the
- deposition of Mr. Seth Jacoby. We are now
- going on the record at approximately 4:04
- p.m., April 12th, 2012.
- THE WITNESS: If I can correct my last
- answer, I think I misunderstood.
- Q. Go ahead.
- A. The arrangement for my attorneys fees in
- relation to anything related to this matter was made
- long ago, you know, last summer. So I thought you
- had mentioned, asked was it made like now, the

- answer is no, it was made, you know, last July.
- Q. Okay.
- So July 2011 as part of your departure?
- A. It was if I have to get roped back into
- this thing you guys are going to pay, you have to
- ⁶ pay for my attorney.
 - Q. Being who?
 - A. Epic.
- Q. Epic Media Group?
- A. Yes.
- O. Connexus, Firstlook, correct?
- A. Yes.
- 13 Q. The conversation that you did have with
- David Graff a couple days ago, first off he's not
- your attorney, is he?
- 16 A. No.
- Q. What did you talk about with David
- 18 Graff?
- A. Cape Cod --
- THE VIDEOGRAPHER: Can you raise your
- mike up.
- A. -- Nantucket, and he asked me how my
- family was. I asked him how his family was, and
- then he asked for a time, I owe him a quarterly
- payment of course, we are at that quarterly time so

- he wanted to know, you know, when he could show me,
- when he would see the payment.
- Q. Were you late on the quarterly payment?
- A. No, payment is not due until the end of
- 5 this month.
- Q. What is the quarterly payment that you
- ⁷ pay?
- A. Depends what I can afford.
- 9 Q. And did you put any money down in the
- transaction or was the whole thing financed by
- 11 Connexus EMG?
- 12 A. You had asked that previously, the
- answer is I didn't pay any money down to them but I
- helped but I personally financed the startup of the
- business.
- Q. Meaning that you had to sign a rental
- contract for space?
- A. Yes, that kind of stuff. I needed to
- pay, I had to get things going, I had to, you know,
- general sort of startup stuff, you know, that I
- self-financed that.
- Q. And okay.
- Just ballpark in general how much by way
- of computers did you purchase from Connexus?
- A. How many computers?

Page 261 1 0. Yes. 2 I think I probably purchased actually Α. 3 its a big number, I probably purchased maybe 40 computers. What kind of computers? 0. Α. Personal computers? 7 Well, that's a good question, let's 0. start with the big stuff, servers, you know, 9 nonpersonal computers? 10 I couldn't say the number there, but --Α. 11 0. A lot? 12 Α. A lot, what do you consider a lot, I 13 don't know to be honest with you. 14 Did you end up buying April C? 0. 15 That's did I buy the registrar? Α. 16 Yes. 0. 1.7 Yes. Α. 18 April C is a company which is 0. 19 incorporated out of where? 20 Α. Vietnam. 21 It took over the function that had 22 previously been performed by Basic Fusion, correct? 23 Α. Correct. 24 Q. April C as a registrar is ICANN 25 accredited?

- privacy service that lists out as Vietnam Privacy
- ² Service?
- A. Something like that.
- Q. Who are the board members of your
- 5 company Flipside?
- A. None.
- Q. Did anyone else besides yourself put
- 8 money into the startup of Flipside?
- $\mathsf{A.}$ No, it was my wife of course, but --
- 10 Q. Okay.
- So the financing came all from the
- 12 Connexus Epic Media side. Any miscellaneous things
- that needed to be purchased were purchased by you?
- A. Yes.
- Q. Approximately how much money did you
- have to put into to start up the company, more than
- 100,000, less than 100,000?
- A. Less than 100,000.
- Q. Less than 10,000?
- A. No, more than 10,000.
- Q. Less than 20,000?
- A. Probably in that ballpark.
- Q. And what is the address of your company
- Flipside?
- A. Do you mean where we actually work or

- Flipside or ultimately are you responsible for it?
- A. Ultimately I'm responsible for it.
- Q. Whose actually paying the Verisign fees,
- is this Epic Media Connexus?
 - A. No, April C is.
- Q. Is the money that April C is using to
- pay Verisign coming out of its own bank accounts or
- does it have some sort of arrangement, credit
- ⁹ arrangement or otherwise where someone sells, is
- footing that bill?
- 11 A. No, its coming from me, no one else is
- footing that bill.
- 13 Q. So the revenue that you have coming in
- is enough to renew domains and buy new domains, et
- 15 cetera?
- A. We don't buy new domains really, but as
- I told you before the domain business is a tiny
- portion of the overall size of revenue of the
- business.
- Q. What month and year did your, Flipside
- end up taking control or becoming the registrant of
- the portfolio that used to belong to Connexus?
- A. Sometime in August 2011.
- Q. Did it happen all at once or did it have
- to phase over time?

- A. No, it appeared all at once.
- Q. Are you familiar with a company called
- 3 Rook Media?
 - A. Yes.
- O. What is Rook Media?
- A. They are a domain parking company.
- Q. Are you or your company affiliated with
- ⁸ Rook Media in any way?
- A. No, we will, well, we have, we are
- their, we are their customer.
- 11 Q. Meaning you park some of your domains on
- their software platform?
- A. Just recently, yes.
- Q. And so is it true some of your domains
- which used to be Navigation Catalyst Systems domains
- are parked on the Firstlook software and some are
- parked on the Rook Media software?
- ¹⁸ A. Yes.
- O. And what is the attraction to the Rook
- Media software that you're trying them out for
- 21 parking?
- MR. DELGADO: Can I ask what this has to
- do with this case? I mean I understand you
- had some questions about his business to go
- to bias, but now you're asking about Rook

- 1 A. No.
- Q. In general though you're making in
 excess of \$10 million annually off of this business
 model?
- A. No.

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- Q. Or you were at one time?
- A. At one time, possibly.
- Q. There was a discussion about affidavits
 and whether or not they were accurate. You
 testified that initially that you thought that the
 agreement was recent that the defendants would pay
 your attorneys fees. And then you came back after
 the break and changed that and said you know what, I
 think that was part of my exit deal.
 - A. Not think, I know.
- Q. You know it was part of your exit deal approximately 10 months ago or so, July 2011?
 - A. Correct.
- Q. But in your affidavit that you submitted in New York to try and avoid this deposition, your affidavit says:

"Wherefore it is respectfully requested
that the application seeking to quash the
subpoena and an issuance of a protective
order be granted, in judgment together with

Page 292 1 movement's attorneys fees be entered against 2 Weather Underground." 3 The reality is you're the movement, you didn't have any attorneys fees, did you? Α. That's correct. MR. GREENE: Objection. Go ahead. 8 0. Were you aware your counsel in court had 9 represented to the judge in New York in order to 10 avoid this deposition that you had to retain counsel 11 obviously and pay for that to come in and try and 12 quash this, that you had to pay attorneys fees? 1.3 Α. I'm unaware of what went on in court. 14 With regard to these other companies 15 that were identified, these other parking companies 16 that counsel went through with you and I don't 17 remember all of them, Skenzo and some of these 18 familiar companies, do you know if Skenzo is 19 registering and parking typographical variations of 20 registered trademarks? 21 I have no idea what Skenzo is doing. Α. 22 What about those other companies, do you 0. 23 know if they're using their parking software to 24 display ads on cybersquatting domains? 25 Α. I couldn't speak to their, you're

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Page 298
  1
      STATE OF NEW YORK
                                     ss:
  2
      COUNTY OF NEW YORK
  3
               I, JEREMY FRANK, do hereby certify:
 5
 6
               That I am a duly qualified Certified Shorthand
     Reporter and Notary Public in and for the State of New
     York and that I am authorized to administer oaths and
 8
     affirmations;
10
               That the foregoing deposition testimony of the
     herein named witness was taken before me at the time and
11
12
     place herein set forth;
13
              That prior to being examined, the witness named
14
     in the foregoing deposition, was duly sworn or affirmed
15
     by me, to testify the truth, the whole truth, and
16
     nothing but the truth;
17
              That the testimony of the witness and all
18
     objections made at the time of the examination were
19
     recorded stenographically by me, and were thereafter
20
     transcribed under my direction and supervision;
21
              That the foregoing pages contain a full, true
22
     and accurate record of the proceedings and testimony to
23
     the best of my skill and ability;
24
              That prior to the completion of the foregoing
25
     deposition, review of the transcript was requested.
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Page 299
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               I further certify that I am not a relative or
 2
     employee or attorney or counsel of any of the parties,
 3
     nor am I a relative or employee of such attorney or
 4
     counsel, nor am I financially interested in the outcome
     of this action.
 7
               IN WITNESS WHEREOF, I have subscribed my name
 8
     this _____, day of ______, _____.
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               JEREMY FRANK, MPM
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